

## EXHIBIT 2

Form 4-470  
(October 1953)UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTLANDS FOR GRAZING LIVESTOCK LEASE  
Act of March 4, 1927 (44 Stat. 1452)

Operations Office

Anchorage

Serial Number

A-059264

THIS INDENTURE OF LEASE, entered into January 1, 1963, by and between the United States of America, hereinafter called Lessor, acting in this behalf by the Operations Supervisor, Bureau of Land Management, and

David W. Henley }  
Box 1095 }  
Kodiak, Alaska }

ASSIGNED  
TO

OMAR N. STRATHAN  
Gunnison, Colorado  
By Decision of 6-29-63

hereinafter called lessee, pursuant to the terms and provisions of the Act of March 4, 1927 (44 Stat. 1452; 48 USC secs. 471, 471a, and 471o), and the regulations thereunder contained in 43 CFR Part 63, which act and regulations are made a part hereof;

WITNESSETH:

1. *Rights granted to lessee.* Subject to the provisions of this lease, and in consideration of rents to be paid and the covenants to be observed as herein set forth, lessor does hereby grant and lease to the lessee the exclusive right and privilege to graze not more than 300 head animal units and head on the following-described tract of land:

See description attached marked Exhibit A.

**COPY**

containing approximately 20,400 acres, together with the right, provided a permit in accordance with 43 CFR 63.20 is obtained, to construct and maintain thereon all buildings or other range improvements necessary for the care and management of the livestock operated on the leased lands, for a period of 20 years.

2. *Obligations of the lessee.* In consideration of the foregoing, the lessee hereby agrees to:

(a) Pay the lessor on or before January 1 of each lease year an annual rental of \$ 180.00.

(b) Undertake in good faith grazing operations on the leased area by taking possession thereof within six months from the date of this lease, by placing thereon livestock and necessary improvements; and thereafter to develop and maintain the livestock operation with reasonable diligence in conformity with his proposed schedule of operations.

(c) Observe the laws and regulations for the protection of and to avoid the unnecessary disturbance of game animals, game birds, and nongame birds.

(d) Take all reasonable precautions to prevent fires that will result in damage to the range or wildlife, and to take any necessary action to suppress forest, grass, brush, and tundra fires.

(e) Avoid interference with the movement under authority of a crossing permit issued by the Operations Supervisor, of the livestock of another across any part of the leased area.

(f) File with the Operations Supervisor annually, on or before April 1 of each year, a report on Form 4-470a of his grazing operations for the preceding calendar year.

(g) Not to sublease the leased land or any portion thereof, nor to assign this lease or any interest therein without the prior written consent of the Operations Supervisor.

(h) Use the leased land only for grazing purposes or purposes connected therewith in a manner that will not cause overgrazing or soil erosion, or be detrimental to the land or the livestock industry.

(i) Comply with the quarantine and other sanitary laws prescribed by State or other proper authorities.

3. *Rights reserved by the lessor.* The lessor expressly reserves the right to:

(a) Permit, under applicable laws and regulations, the use and disposal of the mineral, timber, or other resources on or in the leased lands; also the right to modify or revoke this lease to the extent necessary to effectuate the provisions of this paragraph.

(b) Permit any person, including prospectors and miners, to graze upon the leased land free of charge domestic livestock in accordance with 43 CFR 63.13(a).

(c) Permit any Eskimo or other native, or half-breed to graze his livestock without charge upon any portion of the leased land pursuant to a cooperative agreement with the lessee and subject to the provisions of 43 CFR 63.13(b).

(d) Close portions of the leased area to grazing whenever, because of depletion of the vegetal cover due to drought, epidemic, fire, or any other cause, such action is deemed necessary to restore the range to its normal condition; the temporary closing of any area shall not operate to exclude such area from the boundaries of the lease.

(e) Reduce the leased area if it is unreasonably excessive for the number of stock to be grazed by the lessee, or if it is determined that such area is required for the protection of sources of water supply to communities, or for camping places, stock driveways, roads and trails, town sites, mining claims, or for reasonable native burial grounds; or for feeding grounds near communities for the use of domestic livestock or near the slaughtering or shipping points for use of stock to be marketed, or for other public purposes; or to adjust the authorized grazing use to conform to changes in grazing capacity estimates. In the

case of any such reduction or adjustment, a proportionate adjustment will be made in the rental, if on an acreage basis, for the lease years commencing subsequent to the notice of such reduction or adjustment.

(f) Readjust the rental at the end of each 3-year period of the lease, if necessary, to apply to the rental for the following 3-year period.

*A. It is further understood and agreed that:*

(a) Authorized representatives of the Department of the Interior at any time shall have the right to enter the leased premises for the purpose of inspection, and that Federal agents and game wardens shall at all times have the right to enter the leased area on official business. The lessee also further agrees that he or his employees shall not molest totem poles, native cemeteries, or improvements, nor interfere with natives cultivating lands which they may have been hitherto accustomed to cultivate.

(b) The lessee shall not kill or molest reindeer not owned by him, or use or damage structures of other occupants of the lands leased.

(c) The lessee shall not sell or remove for use elsewhere any timber growing on the leased land but may take such timber thereon as may be necessary for the erection and maintenance of improvements required in the operation of this lease and for fuel purposes.

(d) This lease is granted subject to valid existing rights and to all rules and regulations which the Secretary of the Interior may prescribe.

(e) The lessee, provided he has obtained a permit in accordance with 43 CFR 63.20, may construct, or maintain and utilize, any fence, building, corral, reservoir, well, or other improvements needed for the exercise of the grazing privileges of this lease, but any such fence shall be so constructed as to permit ingress and egress for miners, prospectors for minerals, and other persons entitled to enter this area for lawful purposes.

(f) Nothing herein shall restrict the acquisition, granting, or use of permits or rights-of-way under applicable law. The lessee shall not interfere with legal hunting, trapping, or fishing within the leased area, or with ingress and egress for miners, mineral prospectors and other persons entitled to enter such area for lawful purposes; nor so enclose commonly used roads or trails as to interfere with public travel.

*5. Termination of lease; cancellation, surrender, expiration.*

(a) If the lessee shall fail to pay the rental as

herein specified, or shall fail to comply with the provisions of the act, or make default in the performance or observance of any of the terms, covenants, and stipulations hereof or of the general regulations now or hereafter in force, and such default shall continue after service of written notice thereof by the lessor, then the lessor may terminate and cancel this lease.

(b) A lessee who has complied with the terms and conditions of his lease may surrender the lease and avoid further liability for fees thereunder by giving written notice to the Operations Supervisor not less than 30 days nor more than one year before the surrender of the lease.

*6. Removal of improvements and other property.*

(a) If the lessee on or before the expiration or termination of his lease notifies the Operations Supervisor of his determination to leave on the land improvements, the construction or maintenance of which has been authorized, no other person shall use or occupy, under any grazing lease or entry under any public land law, the land on which any such improvements are located until there has been paid to the person entitled thereto the value of such improvements; if the interested parties are unable to reach an agreement as to such value, the amount may be fixed by the Operations Supervisor.

(b) The lessee shall be allowed 90 days from the date of expiration or termination of this lease, in the absence of notice under the preceding paragraph, and if all rental charges due the Government have been paid, to remove all personal property belonging to him, together with any fence, building, corral, or other removable range improvements owned by him; and if not removed or otherwise disposed of within the time allowed all such property shall become the property of the United States.

*7. Unlawful interest.* No member of or Delegate to Congress, or Resident Commissioner, after his election or appointment, or either before or after he has qualified, and during his continuance in office, and no officer, agent, or employee of the Department of the Interior shall be admitted to any share or part of this lease, or derive any benefit that may arise therefrom, and the provisions of section 3741, of the Revised Statutes and Title 18 USC 431, 432, and 433, relating to contracts, enter into and form a part of this lease so far as the same may be applicable.

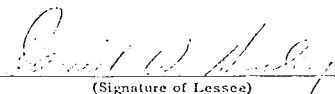
*8. Heirs and Successors.* Each obligation hereunder shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, and assigns of the respective parties hereto. Additional conditions or stipulations attached hereto are made a part hereof.

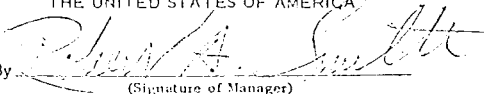
*Additional conditions or stipulations:*

9. The lease shall be used with at least 180 animal units by December 31, 1965 and with no less than 180 or more than 300 animal units each year thereafter. An animal unit is considered to be one horse, one cow, five sheep, or 5 goats.
10. Lessee shall be responsible for maintaining the fence from the southern corner of U.S.S. 2878 to the point where it crosses to the east side of the Olds River, and the cattle guard and fence in the Pony Point area.
11. Lessee shall build and maintain his pro rata share of the fence around the area between Rock's deeded land and the Olds River.

**COPY**

IN WITNESS WHEREOF:

  
(Signature of Lessee)

THE UNITED STATES OF AMERICA  
By   
(Signature of Manager)

CHIEF, BRANCH RANGE & FOREST OFFICIAL

(Signature of Lessee)

NOTE: Where the lease is a corporation, the corporate seal must be affixed

*File w/  
Glen Shalun*

Exhibit A

Description of David W. Henley Grazing Lease

Kalsin Creek - Rosiland River Unit

Starting at a point on the shore of Chiniak Bay approximately at Lat.  $57^{\circ} 37' 30''$  N. Long.  $152^{\circ} 15' 55''$  W. (at the existing fence and cattle guard), thence westerly along the shoreline of Chiniak Bay and Kalsin Bay to Corner 4 of USS 2878, thence southeast along the Chiniak Road to the Olds River, thence southwest up the Olds River to a point approximately 600 feet N.  $60^{\circ}$  E. of Corner 3 of U.S.S. 2878, thence 250 feet N.  $52^{\circ}$  W. to the southeastern boundary of U.S.S. 2878, thence 530 feet S.  $38^{\circ}$  W. to Corner 3 of U.S.S. 2878, thence along an existing fence line S.  $8^{\circ} 30'$  W. 750 feet, thence S.  $19^{\circ}$  W. 4,190 feet, thence S.  $68^{\circ}$  E. 990 feet, then leaving the existing fence line and going S.  $31^{\circ} 30'$  W. 2740 feet, thence S.  $74^{\circ}$  W. 925 feet, thence N.  $87^{\circ} 30'$  W. 2740 feet, thence S.  $49^{\circ} 30'$  W. 1720 feet, thence N.  $89^{\circ}$  W. 330 feet to a canyon, thence in a westerly and southerly direction along this canyon approximately  $3/4$  mile, thence in a southwesterly direction up a ridge to a point at approximately Lat.  $57^{\circ} 33' 5''$  N., and Long.  $(152^{\circ} 32' 48''$  W. thence southeasterly along the divide between the Olds River and Portage Creek to approximately Lat.  $57^{\circ} 30' 41''$  N., and Long.  $152^{\circ} 30' 30''$  W., thence northeasterly along the divide between Kalsin Bay and Pasagshak Bay and Kalsin Bay and the Sacramento River to approximately Lat.  $57^{\circ} 33' 30''$  N., Long.  $152^{\circ} 20' 30''$  W., thence north along the divide between the Rosiland River and Pony Creek to the divide between Pony Creek and Isthmus Bay, thence northeasterly to the point of beginning.

All of U.S.S. 3471, U.S.S. 3472, and T & M A-054784 are excluded from the above described area.

The above described area, contains 20,400 acres.

**COPY**

File in Duplicate

STATE OF ALASKA  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF FOREST, LAND AND WATER MANAGEMENT  
323 E. Fourth Avenue  
Anchorage, Alaska 99501

APPLICATION FOR, AND AMENDMENT EXTENDING LEASE AGREEMENT

ADL 36306

Name Omar N. Stratman

Mailing Address Northland Ranch Company, P. O. Box 2376, Kodiak, Alaska 99615

Original terms of lease 20 years Expires original expiration - 1/1/83

Character and value of improvements on lease area and applicant's interest therein: relinquishment of last two years of original expiration - 1/1/81

approximately 8 miles of livestock fence  
approx. 60 acres cleared, leveled & planted to new gra

Purpose of renewal and plans for future use: continued improvement  
for beef cattle ranching & operation of  
the ranch

**COPY**

AMENDMENT to that certain Lease Agreement serialized ADL 36306, located within portion(s) of protracted Section(s) \_\_\_\_\_, Township 29 South, Range 19 West, Seward Meridian.

The terms of the subject Lease Agreement are amended to read as follows:

TO HAVE AND TO HOLD the said demised premises for a term of Twenty  
( 20 ) years commencing on the 1st day of January,  
19 81 and ending at 12 o'clock midnight on the 31st day of December,  
~~XX~~ 2001, unless sooner terminated as hereinafter provided.

This Amendment is consistent with the Lease Agreement and Statutes except that the applicant shall submit payment in full for the first (1st) year's rental of the extended term with this Application and Amendment.

All other conditions and terms of the lease will remain as written.

It is understood that the renewal of the lease cannot be executed prior to the last thirty (30) days of the existing lease.

Upon execution by the Lessor, this Amendment is hereby attached to and made a part of Lease Agreement ADL 36306.

LESSEE:

LESSOR:  
State of Alaska

*Omara N. Stratman*

*James B. Smith*

Date: 12-15-80

Date: December 29, 1980

UNITED STATES OF AMERICA )  
 ) ss.  
State of Alaska )

THIS IS TO CERTIFY that on the 15th day of December, 19 80, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared OMAR N. STRATMAN to me personally known to be one of the person(s) described in and who executed the within Amendment and acknowledged to me that he or she signed and executed the same freely and voluntarily for the uses and purposes therein stated.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

**COPY**

*Jan F. Lee*  
Notary Public in and for the State of Alaska  
My Commission Expires 4-27-83

UNITED STATES OF AMERICA )  
 ) ss.  
State of Alaska )

THIS IS TO CERTIFY that on the 29th day of December, 19 80, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared Edward J. Barber Jr. to me known and known by me to be the Head of the of the Division of Forest, Land and Water Management of the Department of Natural Resources of the State of Alaska, and acknowledged to me that he executed the foregoing Amendment for and on behalf of said State, freely and voluntarily, for the uses and purposes therein stated.

IN TESTIMONY WHEREOF, I have hereto set my hand and affixed my official seal, the day and year in this certificate first above written.

*Charles Cowley*  
Notary Public in and for the State of Alaska  
My Commission Expires 9/20/81